

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [Japan GAAP]

May 7, 2021

Name of listed company: Digital Arts Inc.

Listed on:

Tokyo Stock Exchange  
1st Section

Securities code: 2326

URL <https://www.daj.jp>

Representative: (Title) Representative Director,  
President and CEO (Name) Toshio Dogu

Contact: (Title) General Manager of the  
Administration Department (Name) Isao Konishi TEL: 03-5220-6045

Scheduled date to hold the ordinary general meeting of shareholders: June 22, 2021  
Scheduled date to start dividends distribution: June 23, 2021

Scheduled date for filing annual financial report: June 23, 2021

Supplementary materials prepared: Yes

Results information meeting held: Yes (for institutional investors and financial analysts)

(Figures shown are rounded down to the nearest million yen.)

### 1. Consolidated financial results for the year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

#### (1) Consolidated operating results (Percentage figures represent changes from previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2021	6,825	21.0	2,977	27.9	2,991	28.6	2,059	29.5
Year ended March 31, 2020	5,641	(3.4)	2,328	(11.5)	2,326	(11.6)	1,590	(18.9)

(Note) Comprehensive Year ended March 31, 2021 2,063 million (29.9%) Year ended March 31, 2020 1,587 million (-19.7%)  
income: yen yen

	Profit per share (basic)	Profit per share (diluted)	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	146.90	143.45	22.0	23.3	43.6
Year ended March 31, 2020	113.69	110.83	19.4	22.5	41.3

Reference: Equity-method investment profit (loss): 2021 Year ended March 31, — millionyen 2020: Year ended March 31, — millionyen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	14,856	10,062	67.6	715.79
As of March 31, 2020	10,852	8,680	79.7	617.27

Reference: Equity capital As of March 31, 2021: 10,041 million yen As of March 31, 2020: 8,652 million yen

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2021	5,221	(830)	(671)	11,382
Year ended March 31, 2020	2,686	111	(709)	7,651

## 2. Dividends

	Annual dividends					Total dividends paid (annual) million yen	Payout ratio (consolidated) %	Dividends to net assets (consolidated) %
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
Year ended March 31, 2020	Yen —	Yen 25.00	Yen —	Yen 25.00	Yen 50.00	701	44.0	8.5
Year ended March 31, 2021	—	25.00	—	30.00	55.00	771	37.4	8.3
Year ending March 31, 2022 (forecast)	—	30.00	—	35.00	65.00		35.8	

## 3. Forecast of consolidated financial results for the year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentage figures represent changes from previous year for full year figures and from same period of previous year for interim period figures.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
First six months	3,900	25.7	1,470	12.2	1,470	11.7	1,020	12.2	72.71
Full year	8,700	27.5	3,700	24.3	3,700	23.7	2,550	23.8	181.77

\* Notes

(1) Changes in subsidiaries during the fiscal year (Changes in specified subsidiaries resulting in changes in scope of consolidation) : None

New - (Company name) , Excluding - (Company name)

(2) Changes in accounting policies, changes of accounting estimates and restatement

1) Changes in accounting policies due to revisions of accounting standards, etc.: : None

2) Changes in accounting policies due to reasons other than those stated in 1): : None

3) Changes in accounting estimates: : None

4) Restatement: : None

(3) Number of shares outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)

As of March 31, 2021	14,133,000	As of March 31, 2020	14,133,000
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2) Number of treasury shares

As of March 31, 2021	104,462	As of March 31, 2020	116,042
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3) Average number of shares issued and outstanding in each period

Year ended March 31, 2021	14,022,503	Year ended March 31, 2020	13,991,859
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(Reference) Overview of the non-consolidated business results

1. Non-consolidated financial results for the year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated operating results (Percentage figures represent changes from previous year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2021	6,074	13.8	2,947	25.0	2,964	25.6	2,044	26.7
Year ended March 31, 2020	5,336	(7.2)	2,357	(15.0)	2,359	(15.1)	1,613	(9.6)
	Profit per share		Diluted profit per share					
	Yen		Yen					
Year ended March 31, 2021	145.81		142.38					
Year ended March 31, 2020	115.29		112.39					

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2021	14,751	10,078	68.3	717.78
As of March 31, 2020	10,839	8,714	80.2	620.45

Reference: Equity capital As of March 31, 2021: 10,069 million yen As of March 31, 2020: 8,696 million yen

2. Forecast of non-consolidated financial results for the year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentage figures represent changes from previous year for full year figures and from same period of previous year for interim period figures.)

	Net sales		Ordinary profit		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First six months	3,350	19.8	1,470	10.3	1,020	10.3	72.71
Full year	7,450	22.6	3,600	21.5	2,450	19.8	174.64

\* Summaries of financial results are not subject to audit.

\* Explanation concerning the appropriate use of financial result forecasts and other special notes

(Forward looking statements)

Business forecasts and other forward-looking statements in this material contain predictions based on future assumptions, outlooks and plans as of the date of publication of this material. The Company does not warrant the accomplishment of the forecasts. Actual results may differ significantly from the forecasts due to risks and uncertain factors associated with the world economy, the state of competition, and fluctuations in foreign exchange rates and

interest rates.

For matters relevant to business forecasts, refer to (4) Outlook in 1. Overview of Business Results, Etc. on page 5 of the Attached Document.

(Obtaining the Supplementary Material for the Financial Results)

The material is available at Digital Arts Inc. corporate website.

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## 1. Overview of Business Results, Etc.

### (1) Overview of business results in the fiscal year under review

During the consolidated fiscal year under review (April 1, 2020 through March 31, 2021), the circumstances encountered by the Japanese economy were adverse. Economic activity stagnated and contracted due to the COVID-19 pandemic, and as a result consumer spending and corporate earnings continued to decline sharply. Since then, the economy has begun to rally, reflecting the increase in social and economic activities and the government economic package. However, the outlook is very uncertain as a state of emergency was declared for the second time following a resurgence of the pandemic.

In the security industry, in which the Digital Arts Group (the “Group”) operates, demand for security products expanded following a series of damaging incidents caused by diversifying cyberattacks, including ransomware and Emotet. Apart from demand from large-sized organizations, new demand for security measures is growing from medium and small-sized enterprises, which were comparatively lagging in these measures.

In the public sector market, the GIGA School Concept envisions the integrated development of an environment with one learning terminal for each school-aged child and with a high-speed, high-capacity communication network. Progress was made in the provision of a terminal to every school-aged child.

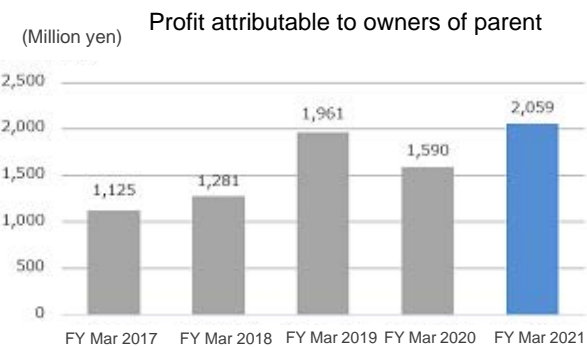
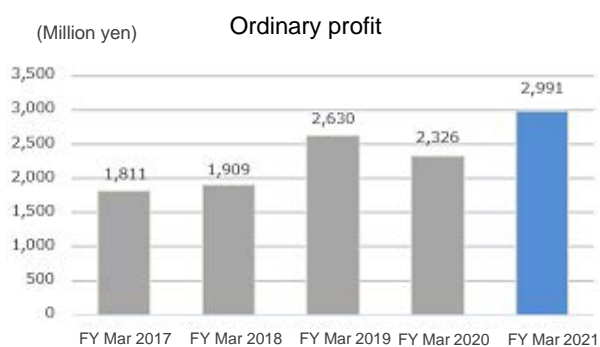
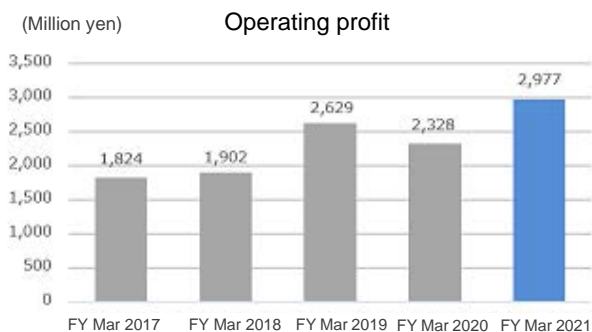
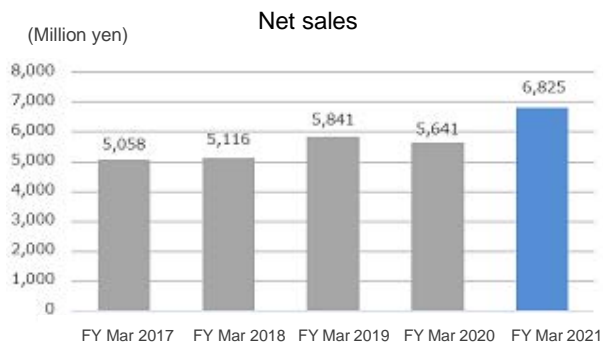
Amid these circumstances, for the enterprise sector market, the Group implemented activities for increasing recognition and sales promotion of DigitalArts@Cloud in view of the rapid introduction of cloud technologies to online services and e-mail environments amid the spread of teleworking. The Group worked towards allowing more users to solely view secure websites and receive secure e-mail messages in the cloud environment. The Group also developed the Desk@Cloud communication tool equipped not only with online conferencing and chat features but also with security functions. Thus, it began to offer solutions that achieve not only security but also improved work efficiency. In the public sector market, the Company provided a special version of i-FILTER that caters to needs arising from the GIGA School Concept. At the same time, it ran campaigns, including the provision of free services that conform to the Guidelines on Education Information Security Policy, in its efforts to expand sales from schools.

Demand in the enterprise and public sector markets has rapidly soared for cloud service products, following the spread of COVID-19. A large part of the amount of the contract for traditional mainstay license sales products is recorded as sales in a lump at the time of shipment. For cloud service products, recorded sales are apportioned on a monthly basis throughout the service provision period. Therefore, the proportion of contracts for cloud service products to the total contract amounts grew rapidly in the fiscal year under review, which led to a rise in sales to be deferred to the next fiscal year and onwards. This resulted in the generation of a wider gap between contract amounts and sales.

As a result of the above, consolidated net sales for the fiscal year under review stood at 6,825 million yen, up 21.0% year on year, operating profit increased 27.9% year on year, to 2,977 million yen, ordinary profit grew 28.6% year on year, to 2,991 million yen, and profit attributable to owners of parent increased 29.5% year on year, to 2,059 million yen.

#### Overview of Consolidated Business Results

	(Million yen)			
	Year ended March 31, 2020	Year ended March 31, 2021	Change	% Change
Net sales	5,641	6,825	+1,183	+21.0
Operating profit	2,328	2,977	+649	+27.9
Ordinary profit	2,326	2,991	+664	+28.6
Profit attributable to owners of parent	1,590	2,059	+469	+29.5



The following describes business performance in separate markets.

#### Enterprise Sector Market

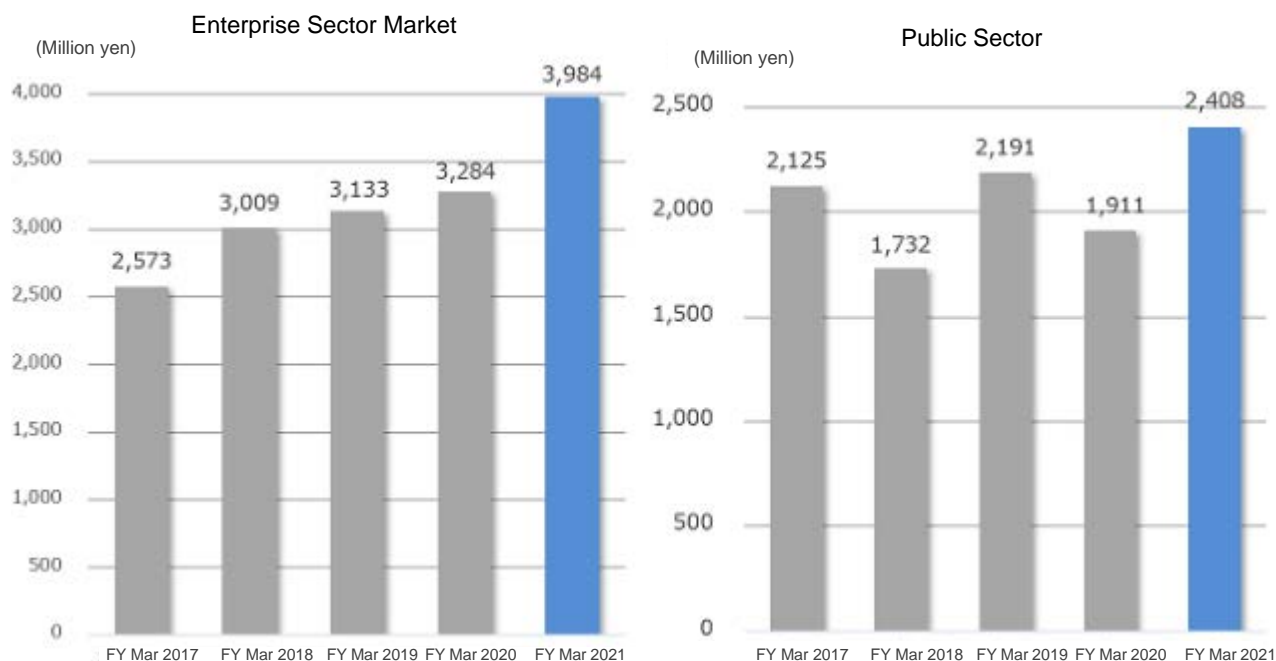
In the enterprise sector market, i-FILTER and m-FILTER cloud services have increasingly been used to reduce costs and operations management burdens in response to the spread of COVID-19. In addition, Digital Arts Consulting Inc., a subsidiary offering security consulting services, enjoyed mounting demand and achieved an increase in sales.

Net sales in this market reached 3,984 million yen, up 21.3% year on year.

#### Public Sector Market

In the public sector market, the Group has traditionally enjoyed excellent recognition and a large market share as a provider of Japan-made security solutions. Under the GIGA School Concept, its track record and reliability have earned high marks, having resulted in significant growth in orders for the i-FILTER series.

As a consequence, net sales in this market stood at 2,408 million yen, up 26.0% year on year.



### Consumer Sector Market

In the consumer sector market, the Group focused on collaborating with mobile network carriers and MVNOs and on sales of i-FILTER for Multiple Devices, which can be used on multiple operating systems using a single serial ID. As a result, it attained an increase of users. Meanwhile, net sales tumbled due to revisions to the prices for sales to mobile network carriers.

Net sales in this market amounted to 432 million yen, down 3.0% year on year.

## (2) Overview of financial position for the fiscal year under review

### (Assets)

Total assets in the consolidated fiscal year under review increased 4,003 million yen from the end of the previous consolidated fiscal year, to 14,856 million yen. This was due mainly to an increase of 3,730 million yen in cash and deposits.

### (Liabilities)

Total liabilities in the consolidated fiscal year under review rose 2,621 million yen from the end of the previous consolidated fiscal year, to 4,793 million yen. This was due mainly to an increase of 2,140 million yen in advances received, attributable to an increase in the amount of contracts for which orders were received.

### (Net assets)

Net assets in the consolidated fiscal year under review climbed 1,382 million yen from the end of the previous consolidated fiscal year, to 10,062 million yen. This was chiefly due to the posting of a profit attributable to owners of parent.



### (3) Overview of cash flows in the fiscal year under review

In the consolidated fiscal year under review, cash and cash equivalents increased 3,730 million yen from the end of the previous consolidated fiscal year to 11,382 million yen. Cash flows in each category are as follows:

#### (Cash flows from operating activities)

Net cash provided by operating activities stood at 5,221 million yen (net cash provided of 2,686 million yen in the previous consolidated fiscal year), chiefly reflecting a profit before income taxes of 3,001 million yen and depreciation of 859 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities came to 830 million yen (net cash provided of 111 million yen as of the end of the previous consolidated fiscal year) mainly due to the purchase of intangible assets.

#### (Cash flows from financing activities)

Net cash used in financing activities was 671 million yen (net cash used of 709 million yen as of the end of the previous consolidated fiscal year), primarily due to dividends paid, although there were proceeds from disposal of treasury shares.

The table below shows trends of cash flow indicators.

	As of March 31, 2018	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021
Equity ratio (%)	78.2	78.7	79.7	67.6
Equity ratio based on market value (%)	719.8	1,276.0	603.2	915.0

1. The methods to calculate the indicators are as follows:

a) Equity ratio: Equity capital / Total assets

b) Equity ratio based on market value: Market capitalization / Total assets

(Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the number of issued shares (excluding treasury shares).)

2. Each indicator is calculated based on consolidated financial numbers.

### (4) Outlook

The outlook for the next fiscal year (April 1, 2021 to March 31, 2022) is as follows:

In the security industry, in which the Digital Arts Group (the "Group") operates, demand for security products expanded following a series of damaging incidents caused by diversifying cyberattacks, including ransomware and Emotet. Apart from demand from large-sized organizations, new demand for security measures is growing from medium and small-sized enterprises, which were comparatively lagging in these measures. In addition, IoT, AI and other technologies were increasingly used and the practice of working from home spread quickly to stop the proliferation of the COVID-19 coronavirus, security personnel must now manage increasingly diversifying and advancing risks, and the demand for security measures is expected to continuously grow.

Expected to continue accelerating are the outsourcing of security operations and the utilization of cloud services to reduce the burden of security operations. In addition, teleworking is spreading as the impact of the COVID-19 pandemic protracts. Demand is expected to rise not only for security products but also for cloud services that ensure efficient business operations in work-from-home conditions.

Against this backdrop, in the enterprise sector market, the Group will continue to enhance i-FILTER and m-FILTER products, add functions to them, and accelerate the development of new products that enable an even wider range of security measures. In addition to security products, the Group will also consider the provision of products and services for improving operational efficiency.

In the public sector market, the Group will promote sales to schools that have yet to introduce security measures under the GIGA School Concept. The Group will also improve its products for local governments that are compatible with the *model for enhancing the resilience of local governments' information systems*, in an effort to increase its share of security solutions for local governments.

Meanwhile, in response to the rapid spread of teleworking, the Group will enhance the functions of Desk@Cloud, a communication tool that enables improvements in work efficiency with online conferencing systems, with the aim of creating a new market.

As the Group pursues those initiatives, it expects to post net sales of 8,700 million yen, an ordinary profit of 3,700 million yen, and a profit attributable to owners of parent of 2,550 million yen in the next consolidated fiscal year.

The Company has determined the results forecasts based on information available on the day of publication of these financial results for the fiscal year ended March 31, 2021. Actual results may be different from the forecasts due to a variety of factors. If there are any significant changes, the Company will disclose them appropriately.

Results forecasts for the next fiscal year (consolidated)

	Net sales	Ordinary profit	Profit attributable to owners of parent
	Million yen	Million yen	Million yen
Year ending March 31, 2022 (forecast)	8,700	3,700	2,550
Year ended March 31, 2021 (results)	6,825	2,991	2,059

Results forecasts for the next fiscal year (non-consolidated)

	Net sales	Ordinary profit	Profit
	Million yen	Million yen	Million yen
Year ending March 31, 2022 (forecast)	7,450	3,600	2,450
Year ended March 31, 2021 (results)	6,074	2,964	2,044

(Figures shown are rounded down to the nearest million yen.)

Note: The forecasts above are based on information available on the day of publication of these financial results for the fiscal year ended March 31, 2021. Actual results may be different from the forecasts due to a variety of factors.

## 2. Basic Approach to Selection of Accounting Standards

The Group will prepare consolidated financial statements based on the Japan GAAP for some time to come, considering a comparison with consolidated financial statements for the previous fiscal year and with financial statements of other companies.

The Group will make an appropriate decision about the application of the International Financial Reporting Standards (IFRS), considering circumstances in Japan and overseas.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated balance sheet

(Million yen)

	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 (As of March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	7,651	11,382
Notes and accounts receivable - trade	994	1,268
Finished goods	0	0
Supplies	0	3
Other	85	70
Total current assets	8,733	12,725
Non-current assets		
Property, plant and equipment		
Buildings	215	220
Accumulated depreciation	(115)	(127)
Buildings, net	100	92
Vehicles	17	18
Accumulated depreciation	(12)	(4)
Vehicles, net	4	14
Tools, furniture and fixtures	443	469
Accumulated depreciation	(325)	(369)
Tools, furniture and fixtures, net	117	99
Land	26	26
Construction in progress	0	0
Total property, plant and equipment	249	233
Intangible assets		
Software	1,331	1,274
Other	79	128
Total intangible assets	1,410	1,403
Investments and other assets		
Investment securities	102	102
Deferred tax assets	85	123
Shares of subsidiaries and associates	1	—
Other	269	268
Total investments and other assets	458	493
Total non-current assets	2,118	2,130
Total assets	10,852	14,856

(Million yen)

	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 (As of March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	32	32
Income taxes payable	469	688
Provision for bonuses	119	194
Advances received	1,229	3,370
Other	274	456
Total current liabilities	2,125	4,743
Non-current liabilities		
Asset retirement obligations	45	48
Other	0	1
Total non-current liabilities	46	50
Total liabilities	2,172	4,793
Net assets		
Shareholders' equity		
Share capital	713	713
Capital surplus	972	963
Retained earnings	7,340	8,699
Treasury shares	(380)	(342)
Total shareholders' equity	8,646	10,034
Accumulated other comprehensive income		
Foreign currency translation adjustment	6	7
Total accumulated other comprehensive income	6	7
Share acquisition rights	18	8
Non-controlling interests	9	12
Total net assets	8,680	10,062
Total liabilities and net assets	10,852	14,856

## (2) Consolidated statement of income and consolidated statement of comprehensive income

## Consolidated statement of income

(Million yen)

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Net sales	5,641	6,825
Cost of sales	1,361	1,946
Gross profit	4,280	4,878
Selling, general and administrative expenses	1,952	1,900
Operating profit	2,328	2,977
Non-operating income		
Interest income	0	0
Foreign exchange gains	—	7
Commission income	0	—
Gain on forfeiture of unclaimed dividends	0	1
Subsidy income	0	3
Miscellaneous income	1	1
Total non-operating income	4	14
Non-operating expenses		
Foreign exchange losses	4	—
Miscellaneous loss	0	0
Total non-operating expenses	5	0
Ordinary profit	2,326	2,991
Extraordinary income		
Gain on reversal of share acquisition rights	0	9
Gain on sales of non-current assets	—	3
Total extraordinary income	0	12
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of golf club membership	1	—
Loss on liquidation of subsidiaries	—	2
Total extraordinary losses	1	2
Profit before income taxes	2,326	3,001
Income taxes – current	740	977
Income taxes – deferred	(4)	(37)
Total income taxes	735	939
Profit	1,590	2,062
Profit (loss) attributable to non-controlling interests	(0)	2
Profit attributable to owners of parent	1,590	2,059

Consolidated statement of comprehensive income

(Million yen)

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Profit	1,590	2,062
Other comprehensive income		
Foreign currency translation adjustment	(2)	1
Total other comprehensive income	(2)	1
Comprehensive income	1,587	2,063
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,588	2,061
Comprehensive income attributable to non-controlling interests	(0)	2

## (3) Consolidated statement of changes in equity

Fiscal 2020 (from April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	713	827	6,518	(306)	7,752	8	8	23	18	7,802
Changes during period										
Dividends of surplus			(768)		(768)					(768)
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)					(0)
Profit attributable to owners of parent			1,590		1,590					1,590
Disposal of treasury shares		144		226	370					370
Purchase of treasury shares				(299)	(299)					(299)
Net changes in items other than shareholders' equity						(2)	(2)	(5)	(8)	(16)
Total changes during period	—	144	822	(73)	893	(2)	(2)	(5)	(8)	877
Balance at end of period	713	972	7,340	(380)	8,646	6	6	18	9	8,680

Fiscal 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	713	972	7,340	(380)	8,646	6	6	18	9	8,680
Changes during period										
Dividends of surplus			(700)		(700)					(700)
Change in ownership interest of parent due to transactions with non-controlling interests					—					—
Profit attributable to owners of parent			2,059		2,059					2,059
Disposal of treasury shares		(8)		37	29					29
Purchase of treasury shares				(0)	(0)					(0)
Net changes in items other than shareholders' equity						1	1	(9)	2	(5)
Total changes during period	—	(8)	1,358	37	1,387	1	1	(9)	2	1,382
Balance at end of period	713	963	8,699	(342)	10,034	7	7	8	12	10,062



## (4) Consolidated statement of cash flows

(Million yen)

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,326	3,001
Depreciation	805	859
Loss on valuation of golf club membership	1	—
Increase (decrease) in provision for bonuses	(8)	74
Interest income	(0)	(0)
Foreign exchange losses (gains)	3	(9)
Gain on reversal of share acquisition rights	(0)	(9)
Loss on retirement of non-current assets	0	0
Loss (gain) on sales of non-current assets	—	(3)
Loss (gain) on liquidation of subsidiaries	—	2
Decrease (increase) in trade receivables	181	1,867
Decrease (increase) in inventories	(1)	(2)
Increase (decrease) in trade payables	9	0
Increase (decrease) in accounts payable - other	(7)	15
Decrease (increase) in other current assets	5	9
Increase (decrease) in other current liabilities	(31)	165
Other	11	6
<b>Subtotal</b>	<b>3,297</b>	<b>5,977</b>
Interest and dividends received	1	0
Income taxes paid	(612)	(757)
<b>Net cash provided by (used in) operating activities</b>	<b>2,686</b>	<b>5,221</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	600	—
Purchase of property, plant and equipment	(45)	(48)
Proceeds from sale of property, plant and equipment	—	6
Purchase of intangible assets	(740)	(787)
Proceeds from redemption of securities	300	—
Liquidation of subsidiaries	—	(1)
Other	(3)	—
<b>Net cash provided by (used in) investing activities</b>	<b>111</b>	<b>(830)</b>
<b>Cash flows from financing activities</b>		
Proceeds from disposal of treasury shares	366	28
Purchase of treasury shares	(300)	(0)
Purchase of shares from non-controlling shareholders	(7)	—
Dividends paid	(767)	(699)
<b>Net cash provided by (used in) financing activities</b>	<b>(709)</b>	<b>(671)</b>
Effect of exchange rate change on cash and cash equivalents	(5)	10
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,082</b>	<b>3,730</b>
Cash and cash equivalents at beginning of period	5,569	7,651
<b>Cash and cash equivalents at end of period</b>	<b>7,651</b>	<b>11,382</b>

## (5) Notes to consolidated financial statements

(Notes on the premise of a going concern)

There are no applicable matters.

(Significant matters that serve as the basis for the preparation of consolidated financial statements)

### 1. Matters related to the scope of consolidation

(1) Number of consolidated subsidiaries: 4

Names of consolidated subsidiaries

Digital Arts Consulting Inc.

Digital Arts America, Inc.

Digital Arts Asia Pacific Pte. Ltd.

Digital Arts Europe Limited

(2) Names, etc. of non-consolidated subsidiaries

There are no applicable matters.

Liquidation of Digital Arts Investment, Inc., which was a non-consolidated subsidiary in the previous consolidated fiscal year, was completed in the consolidated fiscal year under review.

### 2. Matters related to the application of the equity method

(1) Number of non-consolidated subsidiaries to which the equity method is applied: —

(2) Names, etc. of non-consolidated subsidiaries to which the equity method is not applied

There are no applicable matters.

Liquidation of Digital Arts Investment, Inc., which was a non-consolidated subsidiary to which the equity method was not applied in the previous consolidated fiscal year, was completed in the consolidated fiscal year under review.

### 3. Fiscal years of consolidated subsidiaries

The fiscal year end of all consolidated subsidiaries is the same as the end of the consolidated fiscal year.

### 4. Matters related to accounting policies

(1) Valuation standards and valuation methods for significant assets

#### A. Securities

(a) Bonds held for maturity

The amortized cost method (interest method) is applied.

(b) Shares in subsidiaries

The moving average cost method is applied.

#### B. Inventories

(a) Finished goods

The gross average cost method is applied. (The balance sheet amount is calculated by the book value write-down method based on reduction in profitability.)

(2) Depreciation/amortization method for significant depreciable/amortizable assets

#### A. Property, plant and equipment

The declining balance method is applied.

The useful life and the residual value are calculated based on the same standards as those set out in the Corporation Tax Act. The straight-line method is applied for facilities attached to buildings acquired on April 1, 2016 or later.

#### B. Intangible assets

The straight-line method is applied.

The straight-line method based on the availability period in the company (five years) is used for software in the company. For software for sale in the market, a method based on estimated sales quantities (or revenue) or the remaining lifetime (three years) is used.

C. Long-term prepaid expenses

The straight-line method is applied.

The amortization period is calculated based on the same standards as those set out in the Corporation Tax Act.

(3) Standards for recognition of significant allowances

A. Provision for bonuses

For the payment of employees' bonuses, of the estimated payment amount, the amount to be paid in the consolidated fiscal year under review is posted.

(4) Standards for translating significant assets or liabilities that are in foreign currency into yen

Monetary claims and obligations in foreign currency are translated into yen using the spot exchange rate on the consolidated settling day, and translation adjustments are treated as a profit or loss. Assets and liabilities at overseas subsidiaries, etc. are translated into yen using the spot exchange rate on the consolidated settling day. Revenue and expense are translated into yen using the average rate during the period, and translation adjustments are included in the foreign currency translation adjustment in net assets.

(5) Scope of funds in the consolidated statement of cash flows

Funds in the consolidated statement of cash flows (cash and cash equivalents) consist of cash on hand, deposits that can be withdrawn as needed, and short-term investments that can be realized easily and only have insignificant value fluctuation risk and whose redemption date arrives within three months of the acquisition date.

(6) Other significant matters that serve as a basis for the preparation of consolidated financial statements

A. Treatment of consumption tax

Consumption tax and local consumption tax are excluded from accounting. Non-recoverable consumption tax and local consumption tax are treated as expenses in the consolidated fiscal year under review.

(Changes in presentation methods)

(Consolidated statement of income)

Subsidy income, which was included in miscellaneous income under non-operating income in the previous consolidated fiscal year, began to be presented independently in the consolidated fiscal year under review because it became more important than before. Consolidated financial statements for the previous consolidated fiscal year were reclassified to reflect this change in presentation methods.

As a result, the 2 million yen, which was presented as miscellaneous income under non-operating income in the consolidated statement of income for the previous consolidated fiscal year, has been reclassified into 0 million yen as subsidy income and 1 million yen as miscellaneous income.

(A change in unit used for presentation)

In the consolidated fiscal year under review, amounts of money began to be presented in millions of yen instead of the previous thousands of yen.

(Consolidated balance sheet)

\*1. The item related to non-consolidated subsidiaries is as follows.

	Fiscal 2020 (As of March 31, 2020)	Fiscal 2021 (As of March 31, 2021)
Shares of subsidiaries and associates	1million yen	— million yen

(Consolidated statement of income)

\*1. The major items of selling, general and administrative expenses and the amounts are as follows.

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Advertising expenses	207million yen	168million yen
Salaries and allowances	580	631
Provision for bonuses	64	110

\*2. Total amount of research and development expenses included in general and administrative expenses are as follows.

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
	0million yen	1million yen

\*3. The details of loss on retirement of non-current assets are as follows.

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Tools, furniture and fixtures	0million yen	0million yen

\*4. Details of the loss on liquidation of subsidiaries are as follows.

Fiscal 2020 (from April 1, 2019 to March 31, 2020)

There are no applicable matters.

Fiscal 2021 (from April 1, 2020 to March 31, 2021)

The loss on liquidation of subsidiaries resulted from the completion of the liquidation of Digital Arts Investment, Inc.

(Consolidated statements of comprehensive income)

\*1. Reclassification adjustment and tax effect related to other comprehensive income

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Foreign currency translation adjustment:		
Amount that occurred in the fiscal year under review	(2)million yen	1million yen
Reclassification adjustment	—	—
Before tax effect adjustment	(2)	1
Tax effect	-	-
Foreign currency translation adjustment	(2)	1
Total other comprehensive income	(2)	1

(Consolidated statement of changes in equity)

Fiscal 2020 (from April 1, 2019 to March 31, 2020)

1. Class and number of issued shares and class and number of treasury shares

	Number of shares at beginning of consolidated fiscal year under review	Increase in number of shares during consolidated fiscal year under review	Decrease in number of shares during consolidated fiscal year under review	Number of shares at end of consolidated fiscal year under review
Issued shares				
Common shares	14,133,000	—	—	14,133,000
Total	14,133,000	—	—	14,133,000
Treasury shares				
Common shares (Note)	232,320	49,422	165,700	116,042
Total	232,320	49,422	165,700	116,042

(Note) An increase in the number of common shares in treasury shares, 49,422 is due to the purchase of treasury shares. A decrease in the number of treasury shares, 165,700 is due to the exercise of stock options.

2. Matters related to share acquisition rights and treasury share acquisition rights

Classification	Breakdown of share acquisition rights	Class of shares underlying share acquisition rights	Class of shares underlying share acquisition rights				Amount at end of fiscal year under review (million yen)
			Beginning of fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	End of fiscal year under review	
Reporting company (parent company)	Share acquisition rights as stock options	—	—	—	—	—	18
Total		—	—	—	—	—	18

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 24, 2019	Common shares	417	30	March 31, 2019	June 25, 2019
Board of Directors meeting on October 29, 2019	Common shares	351	25	September 30, 2019	December 3, 2019

(2) Of dividends whose record date is in the consolidated fiscal year under review, those whose effective date in the next consolidated fiscal year

Resolution	Class of shares	Total amount of dividends (million yen)	Financial source of dividends	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 19, 2020	Common share	350	Retained earnings	25	March 31, 2020	Monday, June 22, 2020

Fiscal 2021 (from April 1, 2020 to March 31, 2021)

1. Class and number of issued shares and class and number of treasury shares

	Number of shares at beginning of consolidated fiscal year under review	Increase in number of shares during consolidated fiscal year under review	Decrease in number of shares during consolidated fiscal year under review	Number of shares at end of consolidated fiscal year under review
Issued shares				
Common shares	14,133,000	—	—	14,133,000
Total	14,133,000	—	—	14,133,000
Treasury shares				
Common shares (Note)	116,042	20	11,600	104,462
Total	116,042	20	11,600	104,462

(Note) An increase in the number of common shares in treasury shares, 20, is due to the purchase of treasury shares. A decrease in the number of treasury shares, 11,600, is due to the exercise of stock options.

2. Matters related to share acquisition rights and treasury share acquisition rights

Classification	Breakdown of share acquisition rights	Class of shares underlying share acquisition rights	Class of shares underlying share acquisition rights				Amount at end of fiscal year under review (million yen)
			Beginning of fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	End of fiscal year under review	
Reporting company (parent company)	Share acquisition rights as stock options	—	—	—	—	—	8
Total		—	—	—	—	—	8

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 19, 2020	Common shares	350	25	March 31, 2020	Monday, June 22, 2020
Board of Directors meeting on October 29, 2020	Common shares	350	25	September 30, 2020	December 2, 2020

(2) Of dividends whose record date is in the consolidated fiscal year under review, those whose effective date in the next consolidated fiscal year

Resolution	Class of shares	Total amount of dividends (million yen)	Financial source of dividends	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 22, 2021	Common shares	420	Retained earnings	30	March 31, 2021	June 23, 2021

(Consolidated statement of cash flows)

\*1. Cash and cash equivalents at the end of the fiscal year and their relationships with items in the consolidated balance sheets

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Cash and deposit account	7,651 million yen	11,382 million yen
Cash and cash equivalents	7,651	11,382

(Financial instruments)

1. Matters related to the status of financial instruments

(1) Policy on financial instruments

The Group's fund management is centered on short-term deposits. The Group also invests in government bonds, which are very safe and highly rated corporate and other bonds.

(2) Description of financial instruments and their risks

Notes and accounts receivable-trade, operating receivables, are exposed to customers' credit risk.

Securities and investment securities are public and corporate bonds and are exposed to risks of fluctuations in market price.

(3) Risk management system related to financial instruments

(i) Credit risk (risk related to business connections' contract non-performance) management

The sales management section and administrative department of the Company regularly monitor the status of operating receivables at the main trading partners under the Company's credit management regulations and control the due dates and balances for individual partners. In this way, the Company strives to identify concerns over collections caused by deterioration in partners' financial situation early and mitigate them. The Company conducts similar credit management at consolidated subsidiaries under its credit management regulations.

As for short-term fund management, the Company only uses bank deposits and investments in highly rated funds to avoid as much credit risk as possible.

(ii) Market risk (interest-rate fluctuation risk, etc.) management

The Company determines its fund management portfolio while expecting its financing needs, and avoids market risk as much as possible.

(iii) Management of liquidity risk in financing (risk of failure to pay on due dates)

The Company manages liquidity risk chiefly by having the administrative department create financial plans in a timely manner.

(4) Additional information on matters related to the market prices of financial instruments, etc.

The market prices of financial instruments are based on market prices and rationally calculated prices if no market prices are available. The calculated prices include variable factors, which may change if different assumptions are used.

2. Matters related to the market prices of financial instruments, etc.

Consolidated balance sheet amounts, market prices and differences between them are as follows:

Fiscal 2020 (As of March 31, 2020)

	Consolidated balance sheet amount (million yen)	Market price (million yen)	Difference (million yen)
(1) Cash and deposits	7,651	7,651	—
(2) Notes and accounts receivable - trade	994	994	—
(3) Securities and investment securities			
Bonds held to maturity	102	101	(0)
Total assets	8,748	8,748	(0)
(1) Income taxes payable	469	469	—
Total liabilities	469	469	—

Fiscal 2021 (As of March 31, 2021)

	Consolidated balance sheet amount (million yen)	Market price (million yen)	Difference (million yen)
(1) Cash and deposits	11,382	11,382	—
(2) Notes and accounts receivable - trade	1,268	1,268	—
(3) Securities and investment securities			
Bonds held to maturity	102	102	(0)
Total assets	12,752	12,752	(0)
(1) Income taxes payable	688	688	—
Total liabilities	688	688	—



(Note) 1. Matters related to calculation methods for the market prices of financial instruments

Assets

(1) Cash and deposits, (2) Notes and accounts receivable - trade

They are settled in the short term, and their market prices are similar to their book values. Thus, the market prices are deemed to be their book values.

(3) Securities and investment securities

The market prices of public and corporate bonds are presented by financial institutions, etc.

For information on securities according to holding purposes, refer to the note on securities.

Liabilities

(1) Income taxes payable

They are settled in the short term, and their market prices are similar to their book values. Thus, the market prices are deemed to be their book values.

2. Monetary claims and securities with maturity periods to be redeemed after the consolidated closing date

Fiscal 2020 (As of March 31, 2020)

	Within a year (million yen)	More than a year, within five years (million yen)	More than five years, within 10 years (million yen)	More than 10 years (million yen)
Cash and deposits	7,651	—	—	—
Notes and accounts receivable - trade	994	—	—	—
Securities and investment securities				
Bonds held to maturity				
(1) Government bonds, local government bonds	—	—	—	—
(2) Corporate bonds	—	—	100	—
Total	8,646	—	100	—

Fiscal 2021 (As of March 31, 2021)

	Within a year (million yen)	More than a year, within five years (million yen)	More than five years, within 10 years (million yen)	More than 10 years (million yen)
Cash and deposits	11,382	—	—	—
Notes and accounts receivable - trade	1,268	—	—	—
Securities and investment securities				
Bonds held to maturity				
(1) Government bonds, local government bonds	—	—	—	—
(2) Corporate bonds	—	100	—	—
Total	12,650	100	—	—

(Securities)

Bonds held to maturity

Fiscal 2020 (As of March 31, 2020)

	Classification	Consolidated balance sheet amount (million yen)	Market price (million yen)	Difference (million yen)
Market price exceeds consolidated balance sheet amount	(1) Government bonds, local government bonds, etc.	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	—	—	—
Market price does not exceed consolidated balance sheet amount	(1) Government bonds, local government bonds, etc.	—	—	—
	(2) Corporate bonds	102	101	(0)
	(3) Other	—	—	—
	Subtotal	102	101	(0)
Total		102	101	(0)

Fiscal 2021 (As of March 31, 2021)

	Classification	Consolidated balance sheet amount (million yen)	Market price (million yen)	Difference (million yen)
Market price exceeds consolidated balance sheet amount	(1) Government bonds, local government bonds, etc.	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	—	—	—
Market price does not exceed consolidated balance sheet amount	(1) Government bonds, local government bonds, etc.	—	—	—
	(2) Corporate bonds	102	102	(0)
	(3) Other	—	—	—
	Subtotal	102	102	(0)
Total		102	102	(0)

(Retirement benefits)

1. Outline of the retirement benefits system

The Company and its consolidated subsidiaries have a defined contribution pension plan.

2. Retirement benefit expenses

Fiscal 2020 (from April 1, 2019 to March 31, 2020)

The amount that was required for contribution to the defined contribution pension plan was 22 million yen.

Fiscal 2021 (from April 1, 2020 to March 31, 2021)

The amount that was required for contribution to the defined contribution pension plan was 27 million yen.

(Stock options)

1. Amount posted as profit due to the forfeiture of unexercised stock options

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Gain on reversal of share acquisition rights	0	9

## 2. Description of stock options, their scale and changes

### (1) Description of stock options

	2015 Stock options	2016 Stock options
Company	Reporting company	Same as on the left
Category and number of persons subject to grants	Four directors 151 employees	Three directors 96 employees
Stock options by class of shares	Common shares 350,100 shares	Common stock 848,000 shares
Grant date	November 27, 2015	December 13, 2016
Vesting conditions	<p>Being a director or an employee of the reporting company and not being subject to salary reduction or stricter disciplinary action provided for in the rules of employment of the reporting company from the grant date (November 27, 2015) to the vesting date (July 1, 2017)</p> <p>Share acquisition rights can be exercised up to the percentage of the allocated share acquisition rights specified in each item below by each holder of share acquisition rights only if operating profit reaches the level specified in each item below in the fiscal year ended March 31, 2017, the fiscal year ended March 31, 2018, or the fiscal year ended March 31, 2019.</p> <p>(i) If operating profit exceeds 1.5 billion yen, 20% of share acquisition rights can be exercised</p> <p>(ii) If operating profit exceeds 2.0 billion yen, 50% of share acquisition rights can be exercised</p> <p>(iii) If operating profit exceeds 2.5 billion yen, 100% of share acquisition rights can be exercised</p> <p>In the items above, the operating profit stated in the consolidated statements of income in the Company's annual securities report (or the statements of income if no consolidated statements of income are prepared) shall be referenced. If the concept of items to be referenced changes significantly due to the application of the International Financial Reporting Standards, etc. indicators to be referenced shall be determined by the Board of Directors.</p>	<p>Being a director or an employee of the reporting company and not being subject to salary reduction or stricter disciplinary action provided for in the rules of employment of the reporting company from the grant date (December 13, 2016) to the vesting date (July 1, 2018)</p> <p>Share acquisition rights can be exercised up to the percentage of the allocated share acquisition rights specified in each item below by each holder of share acquisition rights only if operating profit reaches the level specified in each item below in the fiscal year ended March 31, 2018, the fiscal year ended March 31, 2019, or the fiscal year ended March 31, 2020.</p> <p>(i) If operating profit exceeds 2.0 billion yen, 20% of share acquisition rights can be exercised</p> <p>(ii) If operating profit exceeds 2.5 billion yen, 50% of share acquisition rights can be exercised</p> <p>(iii) If operating profit exceeds 2.8 billion yen, 100% of share acquisition rights can be exercised</p> <p>In the items above, the operating profit stated in the consolidated statements of income in the Company's annual securities report (or the statements of income if no consolidated statements of income are prepared) shall be referenced. If the concept of items to be referenced changes significantly due to the application of the International Financial Reporting Standards, etc. indicators to be referenced shall be determined by the Board of Directors.</p>
Requisite service period	No requisite service periods are determined.	No requisite service periods are determined.
Exercise period	<p>From the vesting date to May 31, 2027.</p> <p>The person must continue to be a director or an employee of the Company to exercise share acquisition rights.</p>	<p>From the vesting date to May 31, 2028.</p> <p>The person must continue to be a director or an employee of the Company to exercise share acquisition rights.</p>

	2018 Stock options
Company	Reporting company
Category and number of persons subject to grants	Three directors 151 employees
Stock options by class of shares	Common shares 1,413,300 shares
Grant date	March 5, 2018
Vesting conditions	<p>Being a director or an employee of the reporting company and not being subject to salary reduction or stricter disciplinary action provided for in the rules of employment of the reporting company from the grant date (March 5, 2018) to the vesting date (July 1, 2021)</p> <p>Each holder of share acquisition rights can exercise the share acquisition rights allocated to them only if operating profit exceeds 4.0 billion yen in the fiscal year ending March 31, 2021.</p> <p>In the items above, the operating profit stated in the consolidated statements of income in the Company's annual securities report (or the statements of income if no consolidated statements of income are prepared) shall be referenced. If the concept of items to be referenced changes significantly due to the application of the International Financial Reporting Standards, etc. indicators to be referenced shall be determined by the Board of Directors.</p>
Requisite service period	No requisite service periods are determined.
Exercise period	<p>From the vesting date to May 31, 2028.</p> <p>The person must continue to be a director or an employee of the Company to exercise share acquisition rights.</p>

(2) Scale of stock options and related changes

The stock options below are those that existed in the fiscal year under review (fiscal year ended March 31, 2021).

The number of stock options has been converted to the number of shares.

(i) Number of stock options

	2015 Stock options	2016 Stock options	2018 Stock options
Before vesting (shares)			
As of March 31, 2020	—	372,300	1,188,300
Granted	—	—	—
Forfeited	—	372,300	57,400
Vested	—	—	—
Yet to be vested	—	—	1,130,900
After vesting (shares)			
As of March 31, 2020	160,000	316,900	—
Vested	—	—	—
Exercised	2,800	8,800	—
Forfeited	400	1,200	—
Yet to be exercised	156,800	306,900	—

(ii) Unit price information

	2015 Stock options	2016 Stock options	2018 Stock options
Exercise price (yen)	2,034	2,639	3,400
Average stock price when exercised (yen)	8,819	8,500	—
Fair unit value (grant date) (yen)	2 yen	24 yen	1 yen

3. Method for estimating the number of stock options vested

It is basically difficult to reasonably estimate the number of stock options to be forfeited, and only the actual number of stock options forfeited is reflected.

(Additional information)

Transactions granting employees and others stock acquisition rights which involve considerations with vesting conditions before the applied day of Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions (PITF No. 36; January 12, 2018) are still accounted for using the previously adopted accounting treatment in accordance with Paragraph 10 (3) of PITF No. 36.

1. Overview of stock acquisition rights which involve considerations with vesting conditions

Notes are omitted because the same description is given in “2. Description of stock options, their scale and changes” above.

2. Outline of accounting treatment adopted

When share acquisition rights are issued, the amount paid in on the issuance of share acquisition rights will be recorded as share acquisition rights in net assets. When share acquisition rights are exercised, and new shares are issued, the amount paid in on the issuance of share acquisition rights and the amount paid in on the exercise of share acquisition rights will be transferred to share capital and legal capital surplus, respectively.

When share acquisition rights have lapsed, the amount that corresponds to the lapse will be recorded as profit within that accounting period.

(Asset retirement obligations)

Asset retirement obligations posted in the consolidated balance sheets

(1) Outline of the asset retirement obligations

Obligations of restoration related to lease agreements at the head office and other offices

(2) Method for calculation of the asset retirement obligations

The period of use is estimated to be one to 15 years from the acquisition. The discount rate is 0.15% to 1.73%. The amount of asset retirement obligations is calculated based on those assumptions.

(3) Increase/decrease in the asset retirement obligations

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Balance at beginning of fiscal year	45million yen	45million yen
Increase due to purchase of property, plant and equipment	—	2
Adjustment due to passage of time	0	0
Balance at end of fiscal year	45	48

(Segment information, etc.)

Segment information

Previous consolidated fiscal year (from April 1, 2019 to March 31, 2020) and consolidated fiscal year under review (from April 1, 2020 to March 31, 2021)

The Group has only one segment, which is the security business, and segment information is omitted.

Related information

Fiscal 2020 (from April 1, 2019 to March 31, 2020)

1. Information by product/service

The Group has only one product and service category, and information by product/service is omitted.

## 2. Information by region

### (1) Net sales

Sales to external customers in Japan are more than 90% of net sales in the consolidated statements of income, and information by region is omitted.

### (2) Property, plant and equipment

The amount of property, plant and equipment in Japan is more than 90% of the amount of property, plant and equipment in the consolidated balance sheets, and information on property, plant and equipment is omitted.

## 3. Information by major customer

The Group engages in only one segment, the security business.

(Million yen)

Customer name	Net sales
SB C&S Corp.	1,166
Daiwabo Information System Co., Ltd.	1,109

Fiscal 2021 (from April 1, 2020 to March 31, 2021)

## 1. Information by product/service

The Group has only one product and service category, and information by product/service is omitted.

## 2. Information by region

### (1) Net sales

Sales to external customers in Japan are more than 90% of net sales in the consolidated statements of income, and information by region is omitted.

### (2) Property, plant and equipment

The amount of property, plant and equipment in Japan is more than 90% of the amount of property, plant and equipment in the consolidated balance sheets, and information on property, plant and equipment is omitted.

## 3. Information by major customer

The Group engages in only one segment, the security business.

(Million yen)

Customer name	Net sales
Daiwabo Information System Co., Ltd.	1,409
SB C&S Corp.	1,287



(Related party information)

Transactions with related parties

Transactions between the company submitting consolidated financial statements and related parties

Officers and major individual shareholders of the company submitting consolidated financial statements

Fiscal 2020 (from April 1, 2019 to March 31, 2020)

There are no applicable matters.

Fiscal 2021 (from April 1, 2020 to March 31, 2021)

There are no applicable matters.

(Per share information)

	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Net assets per share	617.27 yen	715.79 yen
Profit per share	113.69 yen	146.90 yen
Diluted profit per share	110.83 yen	143.45 yen

(Note) Base for calculating profit per share and diluted profit per share

Item	Fiscal 2020 (from April 1, 2019 to March 31, 2020)	Fiscal 2021 (from April 1, 2020 to March 31, 2021)
Profit per share		
Profit attributable to owners of parent (million yen)	1,590	2,059
Amount not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent related to common shares (million yen)	1,590	2,059
Average number of common shares during the term	13,991,859	14,022,503
Diluted profit per share		
Adjustment of profit attributable to owners of parent (million yen)	—	—
Increase in the number of common shares	361,483	337,562
(Of the increase, the number of share acquisition rights) (shares)	361,483	337,562
Outline of potential shares that are not included in the calculation of the diluted profit per share because they do not have any diluting effects	Share acquisition rights Resolution on November 10, 2016 Number of potential shares: 372,300  Resolution on February 16, 2018 Number of potential shares: 1,188,300	Share acquisition rights Resolution on February 16, 2018 Number of potential shares: 1,130,900

(Significant subsequent events)

There are no applicable matters.